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SUBJECT: AGRICULTURAL TRADE IMPLICATIONS OF UPCOMING FRENCH EU
PRESIDENCY

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¶1. SUMMARY: France will seek to use its considerable influence on agricultural policy to affect the direction and pace of CAP reform as well as to broaden the consideration of biotech dossiers at the EU level. France's influence could have negative trade implications for U.S. agriculture in several critical areas. High level U.S. policy engagement with France on these issues well in advance of the July-December 2008 French presidency would help manage negative fallout. END SUMMARY

¶2. In a major speech last month, President Sarkozy emphasized that the 2008 CAP health check done under the French Presidency should lay the groundwork for a more complete and in-depth reform of the CAP in 2009, rather than wait for the 2010 budget discussions for implementation in 2013. One of his four stated goals for CAP reform is increased EU food security. He stressed that strict EU sanitary, environmental and welfare regulations should also apply without restrictions to imported products. Sarkozy also emphasized that EU Community preference should be the basis for a new CAP(REF A).

¶3. Ag Minister Michel Barnier recently told a group of Embassy representatives that France will press for phytosanitary harmonization, which will result in the application of more rigorous standards to products imported into the EU. Barnier also emphasized "Community preference," stating that it will become more difficult to export to the EU (but that France would offer technical assistance to countries in need). When questioned about the President's and Ag Minister's statements about Community preference, a high level MinAg official stated that in many sectors (e.g. livestock) Europe cannot open its borders too much, without destroying its domestic industry.

¶4. Another area of concern is biotechnology, where France recently announced a moratorium on planting of MON 810 based on the findings of an interim High Authority on Biotechnology(REF B). In a departure from previous practice, MON 810 was reviewed not only by a scientific body, but also by a "civil society" body composed of laypeople. It is clear that France will seek to export this model to Brussels. In a recent statement before the Council of Environmental Ministers, the press reported that French Minister of

Environment Jean Louis Borloo proposed scrapping the EU's present system for authorizing genetically modified crops for tougher standards which would take into account a wide range of environmental and safety factors. Under the French proposal, a multi-disciplinary and independent assessment would be used to consider proposals for authorizing GMOs, rather giving sole advisory authority to the European Food Safety Agency. Under the French plan food safety concerns would be considered alongside issues such as the farming economy, soil deterioration and effects on other crops.

¶5. France plans to organize a European seminar on biotech and biodiversity in Paris next October to lay the groundwork for proposing such reforms to the EU biotech evaluation process.

¶6. COMMENT: Post will continue to raise U.S. concerns on these issues with our interlocutors. However, it will be important to pass the message at the highest levels that decisions on biotechnology and SPS issues should be made on the basis of science and that the imposition of new trade barriers would be a step in the wrong direction. END COMMENT.

7. More detailed commentary on France's agricultural initiatives will follow in the coming weeks.

STAPLETON